

history, a situation where an insurance regulator can say to the Chairman of the Fed, even though that depository institution is ailing mightily and my insurance company is very healthy, I'm not going to allow any transfer of funds from the insurance entity to the depository institution because I don't have to, one; and, two, I'm concerned about the long-term viability of the insurance entity, so I will not cooperate.

What that means is that rather than the present model where every subsidiary affiliate of a holding company contributes to the health of the deposit insurance, we have a situation where the taxpayer, through the insurance funds, will be bailing out a bank that very well might have a very healthy insurance affiliate.

These are some of the regulatory examples which I think have to continue to be watched, examined, and thought about. I hope as we go forward that we could engage the Fed in a constructive dialog with respect to their views on how we on a practical basis deal with some of the concerns I raised today.

We have the potential of passing legislation which would be terribly helpful to our financial community. I want to pass the legislation. Unless we resolve the issue of the Community Reinvestment Act, unless we resolve the issue of operating subsidiaries, unless we look more carefully and closely and make changes perhaps in some of the regulatory framework, this is not the legislation that ultimately can or should become law.

I yield my time.

Mr. SARBANES. Mr. President, I ask unanimous consent that when the Senate resumes its session, I believe it is now scheduled for 2:15—after the party caucus break—Senator WELLSTONE be recognized to make his opening statement. I think he thought that was the understanding but we did not actually have a unanimous consent request. This has been cleared by both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. SPECTER pertaining to the introduction of S. 952 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

THE PALESTINIAN AUTHORITY

Mr. SPECTER. Mr. President, I compliment the Palestinian Authority for not acting unilaterally to declare statehood. Chairman Yasser Arafat visited me on March 23, and I urged him at that time not to make a unilateral declaration of statehood. He then said to me that when the Palestinian Authority had changed its charter, as it was urged to do so by an amendment introduced by Senator SHELBY and myself some years ago, that there was no credit given for that. I said there should have been credit given. And

Chairman Arafat asked if they did not make the unilateral declaration if there would be some acknowledgment of that move. I said I would take the floor when May 4 came, which was the date targeted—that is today—and there was no unilateral declaration of statehood. And there has been none.

I congratulate the Palestinian Authority for its restraint. That is a matter which ought to be negotiated under the terms of the Oslo agreement. Chairman Arafat asked me if I would put it in writing that I would make the statement. And I said I would; and I did.

I ask unanimous consent that my letter to him dated in March be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 31, 1999.
Chairman YASSER ARAFAT,
President of the National Authority, Gaza City,
GAZA, Palestinian National Authority.

DEAR MR. CHAIRMAN: Thank you very much for coming to my Senate hideaway and for our very productive discussion on March 23rd.

Following up on that discussion, I urge that the Palestinian Authority not make a unilateral declaration of statehood on May 4th or on any subsequent date. The issue of the Palestinian state is a matter for negotiation under the terms of the Oslo Accords.

I understand your position that this issue will not be decided by you alone but will be submitted to the Palestinian Authority Council.

When I was asked at our meeting whether you and the Palestinian Authority would receive credit for refraining from the unilateral declaration of statehood, I replied that I would go to the Senate floor on May 5th or as soon thereafter as possible and compliment your action in not unilaterally declaring a Palestinian state.

I look forward to continuing discussions with you on the important issues in the Middle East peace process.

Sincerely,

ARLEN SPECTER,
Chairman.

Mr. SPECTER. I again thank the Chair for his staying late. I thank him, beyond that, for listening to my speech. Very often Presiding Officers are otherwise engaged. I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, at 1:03 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GREGG).

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

The PRESIDING OFFICER. The Senate will continue consideration of S. 900.

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I will be spending some time on S. 900, but I also, in my remarks today, will be focusing on the question of when the Senate is going to start dealing with issues that affect ordinary citizens. I think that is what people in Minnesota would like to know.

This is called the Financial Services Modernization Act. I have no doubt that the large banks and lending institutions are all for this. The question I have is, When are we going to come out here with legislation that benefits ordinary citizens?—which I mean in a positive way. I will come back to this later on.

The Minnesota Farm Services Administration has now had to lay off close to 60 employees. That is where we are heading. This is an agency, the Farm Services Administration, that is a grassroots organization. They are out there trying to serve farmers. They are out in the field. They pick up on what is happening in rural Minnesota.

Right now the message we are sending here from the Congress is, we can't even pass a supplemental appropriations bill that we started working on several months ago to provide spring planting operating money for family farmers. Prices are way down. Income is way down. People are being foreclosed on. It is not just where they work, it is where they live. They are losing their farms, and we can't even get to them some disaster relief money, some loan money, so they can continue to go on until we go back and change this "Freedom to Fail" bill that we passed several years ago.

I am not telling you that some of the large conglomerates and some of the large grain companies and some of the large packers aren't making record profits. They are. They have muscled their way to the dinner table. They exercise raw political control over family farmers.

Meanwhile, this bill, the Financial Services Modernization Act, is all about consolidation and letting large financial institutions have unchecked power. But what we should be talking about is these family farmers going under.

I talked with Tracy Beckman today, director of the Minnesota FSA office. He told me that right now we have 340 loan requests, totaling \$44.9 million, that are approved but are unfunded due to a lack of funding. Right now there is the possibility, unless we get this funding, that we are going to have 800 farm families in Minnesota that aren't going to get any financing. They need that financing if they are going to be able to go on.

Yesterday Tracy Beckman told me the story of a family farmer who found

out he couldn't get any loan money and he doesn't have any cash flow. You can work 24 hours a day and be the best manager in the world, and you will not make it as a family farmer right now. He said to one of our FSA officers out in the field, out in the countryside, when he found out that FSA can't help him because we are not able to pass a supplemental emergency assistance program, this farmer said, "I'm just going to go home and shoot myself and my family."

This is someone who is desperate. There is a lot of desperation in the countryside. We can't even pass a supplemental appropriations bill that will get some loan money out to family farmers, which we should have done a month ago or 6 weeks ago. Instead, we are out here on the floor talking about the Financial Services Modernization Act of 1999, the big bank act, the large conglomerate act, the large financial institution act. When are we going to be out here talking about affordable child care, or about raising the minimum wage? When are we going to make sure people get decent health coverage? When are we going to talk about providing more funding for the Head Start Program? When are we going to be out here talking about how to reduce violence in homes, and in schools, and in our communities? When are we going to be out here talking about something that makes a difference to ordinary people?

Now, Mr. President, I understand that all of the trade groups support this legislation—that is to say, all of the financial services groups. But I rise in strong opposition to this legislation called the Financial Services Modernization Act of 1999.

This bill, S. 900, would aggravate a trend toward economic concentration that endangers not only our economy, but, I think, more importantly, it endangers our democracy. S. 900 would make it easier for banks, securities firms, insurance companies, and, in some cases, commercial firms, to merge into gigantic new conglomerates that would dominate the financial industry.

Mr. President, this is the wrong kind of modernization at the wrong time. Modernization of the existing, confusing patchwork of laws, regulations, and regulatory authorities would be a good thing; but that is not what this legislation is really about. S. 900 is really about accelerating the trend toward massive consolidation in the financial sector.

This is the wrong kind of modernization because it fails to put in place adequate regulatory safeguards for these new financial giants whose failure could jeopardize the entire economy. It is the wrong kind of modernization because taxpayers could be stuck with the bill if these conglomerates become "too big to fail." We have heard that before—"too big to fail."

This is the wrong kind of modernization because it fails to protect consumers. In too many instances, S. 900 would lead to less competition in the financial industry, not more. It would result in higher fees for many customers, and it would squeeze credit for small businesses and rural America. Most importantly, Mr. President, this is the wrong kind of modernization because it encourages the concentration of more and more economic power in the hands of fewer and fewer people. The regulatory structure of S. 900, as well as the concentration it promotes, would wall off enormous areas of economic decisionmaking from democratic accountability.

Mr. President, this is the wrong time to be promoting concentration in the financial sector. S. 900 purports to update obsolete financial regulations, but the bill itself is already obsolete. This idea has been around for over a decade. But economic circumstances have changed drastically in the intervening years. Today, much of the global economy is in crisis, and this is no time to be promoting a potentially destabilizing concentration of economic power.

The banking industry has become more and more concentrated over the last 18 years, and especially during the 1990s. There have been 7,000 bank mergers since 1980. In the last year or so, we have seen megamergers that are the largest in the history of American banking. The merger of NationsBank and BankAmerica would have assets of \$525 billion, and the BancOne and First Chicago/NBD merger would have assets of \$233 billion. In 1980, by comparison, there were no mergers or acquisitions of commercial banks with a total of more than \$1 billion in assets.

What is new and different about the situation today is that banks are beginning to merge with insurance and securities firms. The merger between one of America's largest banks, Citibank, and the largest of insurance groups and brokerage groups, Travelers, is probably the best example. This new conglomerate will control over \$700 billion in assets.

Supporters of S. 900 argue that whether we like it or not, the lines between banking and securities—and the lines between banking and insurance—have already been breached. Regulators and courts have already let banks dabble more and more into securities and insurance, and they have let brokerages invade banking. The battle over Glass-Steagall has already been lost, they say.

Well, Mr. President, I am not so convinced. If S. 900 didn't encourage more and bigger mergers, I don't think so many big banks, big insurance companies, and securities firms would be so enthusiastic about it.

In fact, passage of S. 900 would set in motion a tidal wave of big money

mergers. It would prompt other banks to start courting insurance and securities firms. And it would put increasing pressure on the banks of every size to find new partners. It may be true that we have already come a long way down this road. It may be true that the protections of Glass-Steagall and the Bank Holding Company Act have already been eroded. It is certainly true that we cannot turn back the clock.

But it does not necessarily follow that we are doomed to continue down this perilous path wherever it may take us. Yes, regulators have already given banks an inch, but it doesn't mean we have to give them a mile. If the old laws and regulations are inadequate to deal with the changing world of finance, then we need better regulations, not weaker ones. We should not be supplying the wrecking ball that tears down all remaining walls between banking and other risky activities, without first putting into place adequate safeguards.

Passing this bill would be an act of monumental hubris. It would reflect a smugness and complacency about our economic policy that I believe is unhealthy and unwarranted. We have heard the argument that America has entered the new age, a "new paradigm," a so-called "new economy." Depression and deflation are relics of a distant past. The old laws of "boom and bust" no longer apply. Our superior technology, so the argument goes, will allow us to sustain this economic recovery for another 20 or 30 years, and maybe more. This is the beginning of a long boom. Some have dared to imagine that we have arrived at the end of history.

There is a dangerous moral to this story: that we no longer have to prepare for emergencies or guard against disaster; that the safeguards put in place years ago to stabilize the economy can now be safely withdrawn; that a safety net that will never again be tested by adversity can now be safely shredded; that we no longer need to worry about inadequate oversight of markets because the markets can and will police themselves; that bigger is better, antitrust is obsolete, and regulation is passe.

I think we are flirting with disaster. We are strolling casually along the upper decks of the *Titanic*, oblivious to the dangers ahead of us. Remember, the *Titanic* in its day symbolized the ultimate triumph of technology and progress. Just like these new financial conglomerates, it was considered "too big to fail." Because everybody assumed this flagship of Western technology was unsinkable, they saw no need to take ordinary precautions. They disregarded the usual rules of speed and safety, as Congress is now doing with S. 900. And they failed to store enough lifeboats for all the passengers, which reminds me of nothing

so much as the repeal of the welfare entitlement.

Mr. President, that is another thing that maybe we should be talking about on the floor of the Senate—what is happening with welfare reform. Later in my remarks, when I am talking about the real issues that affect real people, and in particular poor people, I will return to that.

Some of the passengers in first class may be oblivious, but the world economy is still in a precarious state. Most of Asia is still in a depression. The Japanese economy is slugging through the 9th year of an unshakable slump. Russia has been mired in a depression for 8 years, its economy shrunk to half its former size. Brazil is entering into recession, with serious implications for all of its Latin American neighbors. European economies are showing signs of weakness.

In the face of these sobering developments, the solution offered by this legislation is simply more of the same—more deregulation, more mergers, more concentration. At precisely the moment when, for the first time in 50 years, we face some of the hazards that Glass-Steagall was designed to contain, Congress wants to tear down the remaining firewalls once and for all.

We seem determined to unlearn the lessons of history. Scores of banks failed in the Great Depression as a result of unsound banking practices, and their failure only deepened the crisis. Glass-Steagall was intended to protect our financial system by insulating commercial banking from other forms of risk. It was designed to prevent a handful of powerful financial conglomerates from holding the rest of the economy hostage. Glass-Steagall was one of several stabilizers designed to keep that from ever happening again, and until very recently it was very successful. But now S. 900 openly breaches the wall between banking and commerce.

And what about the lessons of the savings and loan crisis? The Garn-St Germain Act of 1982 allowed thrifts to expand their services—people in the country will remember this—beyond basic home loans, and only seven years later taxpayers were tapped for a multibillion-dollar bailout. I'm afraid we're running the same kind of risks with this legislation. S. 900 would lead to the formation of a wide array of "too big to fail" conglomerates that might have to be bailed out with taxpayer money. These financial holding companies may well be tempted to run greater risks, knowing that taxpayers will come to their rescue if things go bad.

S. 900 does set up firewalls to protect banks for failures of their insurance and securities affiliates. But even Alan Greenspan has admitted that these firewalls would be weak. And as the Chairwoman of the FDIC has testified,

"In times of stress, firewalls tend to weaken." The economists Robert Auerbach and James Galbraith warn that "the firewalls may be little more than placing potted plants between the desks of huge holding companies."

Regulators will have little desire to stop violations of these firewalls if they think a holding company is "too big to fail." After the stock market crash of 1987, for example, Continental Illinois breached its internal firewalls to prop up a securities subsidiary. Regulators reprimanded Continental with a slap on the wrist.

And even if there is no taxpayer bailout, the Treasury Department has expressed its concerns about unmet expectations. Investors and depositors may assume protection is indeed much greater for these holding companies than it actually is. And they may panic when they realize they were mistaken.

And what about the lessons of the Asian crisis? Just recently, the financial press was crowing about the inadequacies of Asian banking systems. Now we are considering a bill that would make out banking system more like theirs. The much maligned cozy relationships between Asian banks, brokers, insurance companies and commercial firms are precisely the kind of crony capitalism S. 900 would promote.

The economists James Galbraith and Robert Auerbach warn against repeating the mistakes of the Asian economies: "There is already evidence of monopolistic practices in the banking industry that would be heightened by [S. 900]. There is now devastating experience from the recent problems experienced by huge banking-finance conglomerates in Asia. There is little justification to follow these examples, as would be allowed by [S. 900]. It could happen here if we build the same unwieldy structures to dominate our banking system."

To be accurate, if we want to locate the real causes of the Asian crisis, we have to look at the reckless liberalization of capital markets that led to unbalanced development and made these economies so vulnerable to investor panic in the first place. The IMF and other multilateral institutions failed to understand how dangerous and destabilizing financial deregulation can be without first putting appropriate safeguards in place.

World Bank Chief Economist Joseph Stiglitz wrote last year about the Asian crisis:

The rapid growth and large influx of foreign investment created economic strain. In addition, heavy foreign investment combined with weak financial regulation to allow lenders in many Southeast Asian countries to rapidly expand credit, often to risky borrowers, making the financial system more vulnerable. Inadequate oversight, not overregulation, caused these problems. Consequently, our emphasis should not be on deregulation, but on finding the right regulatory regime to reestablish stability and confidence.

That is World Bank chief economist Joseph Stiglitz. We claim to have learned our lessons from the crisis in Asia. But I am not sure we have.

Tell me why on Earth are we doing this, besides the fact that these large financial institutions have so much political power? Why now?

The backers of S. 900 claim that the Glass-Steagall Act of 1933 and the Bank Holding Act of 1956 are obsolete and financial regulation must be modernized. Well, I'm all for modernization. But the question is: what kind of modernization?

I think most of us agree that the existing patchwork of confusing and inconsistent regulations needs to be simplified and rationalized. GAO has testified that the piecemeal approach to deregulation taken by the Fed and Treasury has resulted in "overlaps, anomalies, and even some gaps" in oversight.

The problem is that S. 900 doesn't really fix that problem. It maintains a patchwork of regulators. Who knows how they would coordinate their efforts when holding companies run into trouble?

But most importantly, the reach of S. 900's regulatory safeguards does not match the size of these new conglomerates. A central feature of S. 900 is the transfer of regulatory authority for the newly created holding companies to the Federal Reserve. This seems a lot more like deregulation than modernization.

Let me repeat that. A central feature of S. 900 is the transfer of regulatory authority for the newly created holding companies to the Federal Reserve. This sounds a lot more like deregulation than modernization.

How much confidence can we have in the Fed's oversight? The case of Long Term Capital Management last year does not exactly inspire confidence. Only one week before that \$3.5 billion bailout, Alan Greenspan testified before Congress that the risk of hedge funds was well under control and that bankers policing them knew exactly what they were doing. Well, in this case at least, they didn't know what they were doing. And apparently neither did the Fed.

What concerns me more is that this massive transfer of power is anti-democratic. The Federal Reserve Board is not an elective body, and it's not democratically accountable. To the extent Congress pries into the Fed's business—which is not very much—we focus on monetary policy, not bank oversight. Why should we hand over so much power to an institution that is essentially accountable to the financial industry and nobody else?

I repeat that. Why should we hand over so much power to an institution that is essentially accountable to the financial industry and nobody else?

James Galbraith and Robert Auerbach write:

The Federal Reserve's decision-making is contingent to a great extent on the banking industry which it regulates. Bankers elect two-thirds of its 108 directors on the boards of its 12 regional Federal Reserve Banks. This 25,000 employee bureaucracy with its own budget that is not authorized or approved by the Congress is not independent of the bankers and finance companies that it would regulate.

Several commentators have expressed open delight that this transfer of power to the Fed will insulate financial regulation from "partisan politics." The Christian Science Monitor endorsed H.R. 10 last year because "it would make financial regulation more remote from politics."

But is this really something we should welcome? Another term for "partisan politics" in this case is "democracy." Democracy may be messy sometimes. It would be vastly improved by real and meaningful campaign finance reform. But it also happens to be the basis of our form of government.

Why should such an important area of public life be "insulated" from democratic accountability? Why should the people making the most important economic decisions in our country be accountable only to Wall Street and not to voters?

Why are we transferring this kind of authority?

We've already walled off most economic decisionmaking from any kind of democratic input. Former Labor Secretary Robert Reich has argued that we no longer have any fiscal policy to speak of, and Congress has delegated monetary policy to the Federal Reserve. "The Fed, the IMF, and the Treasury are staffed by skilled economists," he wrote, "but can we be sure that the choices they make are the right ones in the eyes of most of the people whose lives are being altered by them?" He has noted that "One reason governments exist is to insure that economies function for the benefit of the people, and not the other way around." Already, decisions about interest rates and desirable rates of unemployment—decisions that will decisively impact the lives of millions of Americans—are beyond the reach of democracy. They are reserved to the exclusive jurisdiction of unelected bankers.

What does it mean, as a practical matter, for supervision of the financial sector to be protected from democratic accountability? The contents of S. 900 itself should give us a pretty good idea. For whose benefit is this legislation being passed? In the long debate over this legislation, there has been a lot of talk about the conflicting interests of bankers, insurance companies, and brokers, but very little discussion of the public interest.

Financial services firms argue that consolidation is necessary for their survival. They claim they need to be as

large and as diversified as foreign firms in order to compete in the global marketplace. But the U.S. financial industry is already dominant across the globe and in recent years has been quite profitable. I see no crisis of competitiveness.

Financial firms also argue that consolidation will produce efficiencies that can be passed on to consumers. But there is little evidence that big mergers translate into more efficiency or better service. In fact, studies by the Federal Reserve indicate just the opposite. There is no convincing evidence that mergers produce greater economic efficiencies. On the contrary, they often lead to higher banking fees and charges for small businesses, farmers, and other customers. Bigger bankers offer fewer loans for small businesses. And other Fed studies have shown that the concentration of banking squeezes out the smaller community banks.

S. 900 reflects the same priority of interest promoted by financial consolidation itself. A provision designed to ensure that people with lower incomes can have access to basic banking services has been stripped out. Let me repeat that. A provision designed to ensure that people with lower incomes can have access to basic banking services has been stripped out. This provision was to address the growing problem that banking services are beyond the reach of millions of Americans. According to U.S. PIRG, the average cost of a checking account is \$264 per year, a major obstacle to opening a checking account for low-income families. These families have to rely instead on usurious check-cashing operations and money order services.

I don't see much protection for consumers in S. 900 either. Banks that have always offered safe, federally insured deposits will have every incentive to lure their customers into riskier investments. Last year, for example, NationsBank paid \$7 million to settle charges that it misled bank customers into investing in risky bonds through a securities affiliate it set up with Morgan Stanley Dean Witter.

S. 900 makes nominal attempts to address these and other problems. But in the end, I am afraid this bill is an invitation to fraud and it is an invitation to abuse.

Finally, the impact of S. 900 on the Community Reinvestment Act is a cause of real concern. I thank my colleague, Senator SARBANES, for his tremendous leadership in making sure that we protect community reinvestment as a part of his substitute legislation. CRA has been an effective financial tool for the empowerment and growth of our communities for over 20 years. Despite this success, CRA is now in great danger. Why? Because S. 900 is a legislative package of deals and favors aimed to please Wall Street, certainly not Main Street. It is not good

for small business, not good for low-income families, not good for rural America, not good for our neighbors or our communities.

Within this bill are three substantial provisions intended to "modernize" financial services by rolling back the Community Reinvestment Act. But that will only encourage discrimination and promote economic despair.

We need to ask ourselves a very important question: Are we willing to turn the clock back and abandon the Community Reinvestment Act? Are we willing to return to the days before 1977 when banks could freely discriminate against neighbors, farms, small towns, and other underserved populations, just because they were viewed as less profitable customers?

We need to keep the doors open for families, seniors, farmers, small businesses, for consumers to access credit so they can realize their dream to own a home or start a business. We need to keep the doors open for community groups, for cities and towns to access credit to revitalize impoverished neighborhoods or to restore once abandoned buildings. We need to keep CRA strong because we all benefit from community reinvestment.

CRA establishes a simple rule—that depository institutions must serve the needs of the communities in which they are chartered. In a safe and sound manner, they form partnerships with groups and consumers to provide lending to those denied credit. In a safe and sound manner, banks work with families looking to achieve their dream of owning a home. In a safe and sound manner, banks lend to small businesses to help them grow. In a safe and sound manner, banks lend to farmers who fall on hard times and need some extra help to survive falling commodity prices.

For many consumers, CRA has been a lifesaver. To deny the positive impact CRA has made in improving the economic health of our country is simply to deny the facts. The CRA has delivered an estimated \$1 trillion or more for affordable homeownership and community development. The role of CRA is not just to benefit the most impoverished neighborhoods in our States; rather, CRA cuts across class lines, race lines, gender lines, practically every hurdle to discrimination, to promote economic stability for families, small farmers, and communities. This legislation in its present form begins to take all that away.

What is my proof? According to the statistics collected by the Local Initiative Support Corporation, or LISC, in 1997 the Home Mortgage Disclosure Act data showed that lending to minority and low-income borrowers is on the rise. For example, since 1993 the number of home mortgage loans to African Americans increased by 58 percent; to Hispanics, by 62 percent; and to low- and moderate-income borrowers by 38

percent—well above the overall market.

In 1997, large commercial banks made \$18.6 billion in community development investments. In 1997, banks and thrifts subject to CRA's reporting requirements made two-thirds of all the small business loans made that year. More than one-fifth of those loans were made to small businesses and low- and moderate-income communities.

Each time I return to Minnesota, I am convinced that CRA is working. Early this year, I had a chance to present an award to a family who had achieved their dream of becoming homeowners. Rene and Gloreen Cabrarra were the 750th family to purchase their home through an innovative partnership between the community group ACORN and a local bank. Rene and Gloreen had to move out of their apartment when it was condemned for repair problems. As a result, they moved in with other family members. The Cabrarras began working with the community group ACORN in the Twin Cities and were soon able to obtain a special low-income loan to buy their home, thanks to a CRA agreement between that community group and that bank in that metro area. There is no doubt that CRA has benefited Rene and Gloreen. As a result, they are now proud homeowners living in the Phillips neighborhood.

From the nearly 170 mayors who have signed their name in support of the progress CRA has made in their communities, there is tremendous support. From family farm and rural organizations who see access to credit as being essential tools for their small communities, there is tremendous support. A story of empowerment can be shared by every group working for the advancement of their rights.

Despite this undeniable success, the CRA is under attack. S. 900 would begin to dismantle its effectiveness in the communities where it has been most beneficial. Specifically, I will speak to two anti-CRA provisions in S. 900.

First, S. 900 creates a safe harbor for banks that have maintained a satisfactory CRA rating for 3 consecutive years. This provision would practically eliminate the opportunity for public comment on the CRA performance of a bank at the time of a merger application. Banks that have received a satisfactory or better CRA rating for 3 years consecutively would be deemed in compliance and therefore freed from the requirement of public comment on their application.

Public comment on a proposed merger is an especially useful tool in the case of large banks serving a variety of markets. In such cases, regulators examine only a portion of these markets to evaluate a bank's CRA rating. Since performance in small communities is weighted less than in larger areas, pub-

lic comment sometimes provides the only means to truly examine the commitments of a bank to all of its community members. Simply put, public comment is a chance for community groups and consumers to bring to light important information and facts that may have been overlooked during the review process.

However, this avenue for public involvement in the merger process is seriously undercut by S. 900's safe harbor provision. The only way a citizen could exercise his or her democratic rights would be to find "substantial verifiable information" of noncompliance since the merging bank's last CRA examination. This is a very high burden. An estimated 95 percent of all banks are deemed CRA compliant. As a result, the vast majority of mergers would be exempted from public comment.

Some have justified this undemocratic safe harbor as a way to prevent extortion by community groups during the merger review process. Mr. President, in August 1998, I wrote a letter to the Federal Reserve requesting a public hearing on the proposed merger between Norwest Corporation, based in Minnesota, and Wells Fargo Company. I specifically requested that special attention be paid to the possible effects that this merger would have on the people and the communities who rely on Norwest's services and community participation across the State. I ask my colleagues, Was this extortion?

I was not the only elected official to request such a hearing. A Congressman, a State representative, and various community groups did as well. Were they guilty of extortion?

The 2-day hearing opened the doors for 70 different groups and individuals to publicly comment on the strengths and weaknesses of both Norwest and Wells Fargo with regard to community involvement. Representatives from the Navajo Nation, statewide nonprofit housing organizations, and microcredit lending organizations that provide a lifeline to small businesses, all had their chance to be heard. They had their chance to publicly challenge these merging entities to remain involved in their communities. Did this constitute extortion?

No one was practicing extortion by requesting a public hearing on the merger between these two financial giants. No elected officials or nonprofits were doing anything improper when they publicly commented on the lending practices of these two banks. What these 70-plus groups and individuals were practicing was democracy.

Using S. 900, citizens would be deprived of these democratic rights unless they could "substantially verify" a merging bank's noncompliance. That is not just undemocratic, it is unjust. At least the Daschle-Sarbanes amendment would retain the consumers' democratic right to participate in the process.

The second anti-CRA provision in S. 900 is the small bank exemption. This provision would exempt banks in rural communities with assets of less than \$100 million from CRA requirements. In fact, it would exempt 63 percent of all banks from the requirements of CRA. It would send a clear message to farmers, to small businesses, and to consumers in small towns that they do not have the same rights to access credit as consumers who live in urban areas.

Some of my colleagues would argue that small banks in rural communities do not need CRA. Why? They claim that small banks by their nature serve the credit needs of local communities. But CRA compliance records will tell you a different story.

More importantly, rural America is facing an economic crisis. Family farms are disappearing one by one from this country's rural landscape. Many rural communities are in great need of access to credit before their economies collapse. This anti-CRA provision completely ignores the realities and needs of rural America.

According to a recent SBA (Small Business Administration) report, June 1998 data show a 4.6-percent decline in the number of small farm loans. That June 1998 data also reveals that the value of very large farm loans, over 1 million, has increased by 25 percent, while small farm loans under \$250,000 increased by only 3.9 percent. As family farm and rural community organizations have concluded, larger loans are going to fewer farmers.

According to a similar study conducted by the State of Wisconsin, farming operations were more likely to obtain a loan if they were under contract with an agribusiness. Small and independent farmers faced greater difficulty accessing the necessary credit to remain in operation.

To quote an April 29 letter signed by 19 organizations representing the interests of farmers in rural communities:

Rural areas continue to suffer from a serious shortage of affordable housing. Farmers are facing the worst financial conditions in more than a decade due to declining commodity prices. Rural Americans continue to need the tools of the CRA to ensure accountability of their local lending institutions. CRA helps to meet the credit demand of millions of family farmers, rural residents, and local businesses.

In a March 24 letter to Senators, the National Farmers Union also sent the message that rural America needs the CRA just as much as our urban centers. To quote the letter from President Leland Swenson:

The Community Reinvestment Act prohibits redlining, and encourages banks to make affordable mortgage, small farm, and small business loans. Under the impetus of CRA, banks and thrifts made \$11 billion in farm loans in 1997. CRA loans assisted small farmers in obtaining credit for operating expenses, livestock and real estate purchases. Low- and moderate-income residents in rural communities also benefited from \$2.8 billion in small business loans in 1997.

In 1999, access to credit is tighter than usual, making it critical to maintain the CRA.

For many consumers living in rural communities, having access to credit is having access to a future. Our rural communities need CRA because they can depend on little else in today's agricultural markets.

I am strongly opposed to the small bank exemption in S. 900 because I have witnessed firsthand the important role CRA plays in rural communities in Minnesota. At least the Sarbanes-Daschle amendment would remove this harmful provision from the bill.

We need to ask ourselves, do we really intend to return to the old banking practices of red lining? Do we want to leave our cities, small towns, and families without a means to become economically stable and strong? Do we intend to draw a clear line between the haves and have-nots?

It has been nearly 3 years since the passage of welfare reform. Since then, urban and rural America has seen a dramatic rise in the numbers and needs of the desperately poor.

Mr. President, that is right. Since then, we have seen a dramatic rise in the number and needs of the desperately poor. Why are we not talking about other issues on the floor of the Senate? I will get back to this in a little while.

What does that have to do with CRA? Everything. Because of CRA, nonprofit organizations that assist the homeless are able to establish partnerships with banks to access credit and build affordable and emergency long-term housing. CRA loans that develop dilapidated neighborhoods and bring more jobs to our urban centers benefit former welfare recipients. Over \$1 trillion has been invested with innovative ways of providing housing, jobs, and community revitalization to stabilize these economically troubled areas.

CRA has been a mainstream banking practice for over 20 years. It has evolved over the years to better serve banks and their communities, and it has been streamlined to reduce the regulatory burden on small banks. This is a law that has been improved and has grown to better serve banks and consumers.

A lot of big banks don't like the CRA. They feel it is an imposition. They denounce it as big government and overregulation. But for most people I ask, Which is the greatest danger here, concentration of political power in government or concentration of economic power? I don't think it is a close call.

I think our goal should be to help ordinary people make sure they have some say over the economic decisions that affect their lives. Repealing CRA is not going to do that. No amount of antigovernment rhetoric is going to do that. But enforcing some meaningful

consumer protections would do that. So would prohibiting mergers that threaten to crowd out community banking, squeeze credit for small businesses, and open the door to higher fees and ever more fraud and abuse.

This is the fundamental problem with deregulation and economic concentration generally. It allows the Nation's economic power to be held in the hands of fewer and fewer people. The same thing is happening in many of our other major industries, including airlines, electric utilities, and communications.

Ben Bagdikian has noted that 20 corporations and multinationals own most of the major media in the entire country—newspapers, magazines, radio, television and publishing companies. In the 2 years since the Congress eased restrictions on ownership of radio, 4,000 stations have been sold—in the last 2 years—and more than half of all big-city stations are in the hands of just five companies.

The electric utility industry is already consolidating in expectation that the States and Congress will soon mandate retail competition. And 4,500 corporate mergers were announced in the first 6 months of last year, with the combined value of \$1.7 trillion. These include SBC and Ameritech, Chrysler and Daimler Benz, Enron and PGE, Monsanto and American Home Products, Worldcom and MCI, and Columbia and HCA Healthcare. Now we hear about mergers between BP and Amoco, Mobil and Exxon, and on and on.

Pretty soon we are going to have three financial service firms in the country, four airlines, two media conglomerates, and five energy giants.

Mr. President, this is absolutely amazing to me, which is why I have spent some time making the case. We see more consolidations here. We see a dangerous concentration of power in telecommunications—that is the flow of information in democracy—and the same thing in energy, the same thing with health insurance companies.

In agriculture it is absolutely unbelievable—absolutely unbelievable. Everywhere family farmers look you have these conglomerates that have muscled their way to the dinner table, exercising their raw economic and political power over family farmers, over consumers, and I might add, over taxpayers as well.

Joel Klein came out to Minnesota, along with Mike Dunn, who heads the Packers and Stockyard Administration in the USDA, for a very dramatic public hearing in our State just a couple of Sundays ago. Let me tell you, you have these hog producers that are facing extinction, and then you have these packers that are in hog heaven. You have your grain farmers going under; and you have Cargill making a 52-percent profit in this past year.

The farmers are saying, "What is going on here? Consumers aren't get-

ting a break. And we're not getting the prices that enable us to even keep going on with our farming. Who is making the money?" Everywhere you see this concentration of power. I will have an amendment on this bill later on that will talk about antitrust action.

Antitrust action has been taken off the table. Antitrust action has been taken off the table. This is a classic example of why we need reform. Because when it comes to antitrust action, and having the Senate say we are on the side of consumers, we are on the side of family farmers, we are on the side of community people, and we are willing to take on these huge companies, we dare not do that. These monopolies are the campaign givers. These are the heavy hitters. These are the investors.

We have been through this before, Mr. President. At the end of the last century, industrial concentration accelerated at an alarming pace. Lots of people, including the columnist and author E.J. Dionne, former House Speaker Newt Gingrich, and the philosopher, Michael Sandel, have noted the similarities between that era and our own.

American democracy suffered as a result of that concentration of economic power. The two parties became dominated by similar corporate interests. Their platforms started to sound an awful lot alike, and voter participation declined dramatically. Why? Because people realized that they had little to say in the economic decisions that most affected their lives.

I think that aptly describes the situation today. I tell you, when I travel in Minnesota or travel in the country, one of the things that people say to me is that they think both parties are controlled by the same investors. They do not think there is any real opportunity for them to have any say anymore in this political process.

And once again, we are about to pass a piece of legislation—I hope we do not, but if we do—a piece of legislation that will lead to the rapid consolidation in the financial services industry, to the detriment of rural America, to the detriment of small towns, to the detriment of low- and moderate-income people, and to the detriment of working families. But there is an awful lot of economic and political clout behind this bill.

And what is in store for us if we allow this trend to continue? Huge financial conglomerates the size of Citigroup will truly be "too big to fail." Government officials and Members of Congress will be prone to confuse Citigroup's interests with the public interest, if they do not already. I think they do already.

What happens when one of these colossal conglomerates decides, for example, it might like to turn a profit by privatizing Social Security? Who is going to stand in their way? That is a

trick question, of course, because we already face that dilemma today. But I contend that the economic concentration resulting from passage of S. 900 would only make that problem worse.

In a sense, then, campaign finance is only a symptom of a larger problem. By all means, we should drive money out of politics. Absolutely, we should. But even if we succeed, the trend towards economic concentration will diminish the value of democratic decisionmaking. If few or none of the most important economic decisions are made democratically, or are even subject to democratic accountability, what is the point of voting? Indeed, these developments raise important and fundamental questions about the role of democracy itself.

It used to be that these questions were a source of concern for many people. And they were a hot topic for political debate. Thomas Jefferson and Andrew Jackson warned not only against the concentration of political power, but also against the concentration of economic power.

The great Supreme Court Justice Louis Brandeis railed against the "Curse of Bigness." Brandeis argued that industrial concentration coarsened the value of democracy by diminishing the role of individuals in economic decisions. We should not let that debate die. It is a vital part of our democratic heritage.

There may be some colleagues who share these concerns but will nonetheless vote for S. 900. They say this is the best we can do. They say the damage has already been done, and concentration will continue with or without this legislation.

I disagree. I think we need to take a good look at this. Before we consider sweeping changes in our financial services laws, we had better understand the effects of the latest wave of mergers. The true test of these new combinations will be the impact of the next recession. We need to see how these megamergers hold up before proceeding any further.

There is simply no justification or excuse for this kind of invitation to bigness before a solid, updated regulatory system can be put in place. I believe this legislation is an enormous mistake. It is not necessary. And it could do real harm to the economy. It should be soundly defeated. It should be soundly rejected.

Mr. President, with due respect to my colleagues, while I have the floor I want to argue one other case. And I say to both the Senator from Texas and the Senator from Utah, I will not dominate the whole afternoon, but I do want to make one other argument. And it is this: I do not understand why we are on the floor dealing with this legislation. I do not really understand why we are dealing with—what is it called—the Financial Services Modernization Act.

When I talk to people in cafes in Minnesota, they do not talk to me about the Financial Services Modernization Act at all. As a matter of fact, I will tell you something. If you spend a little bit of time with people, most people will say—and both of my colleagues, the Senator from Texas and the Senator from Utah will be happy to hear the first part of what they say, and maybe not as happy to hear the second part. If you do a poll and ask them, "Are you a liberal or a conservative," at the Town Talk Cafe in Willmar, which is my focus group—and that is the name of the cafe—I would say 75 percent of the people say they are conservative. They do.

But you know what? If you stick around and talk to people for a while, they do not like the way in which these big banks have taken over financial services and have driven out the community banks. And they do not like these big insurance companies that are dominating health insurance. And they do not like how these conglomerates are driving family farmers out. And they do not like the concentration in telecommunications. And they do not like to see the merger of the energy companies. And they are not all that happy with Northwest Airlines that basically dominates about 75 percent of the flights in the State of Minnesota.

Those people in the cafes of Minnesota have a healthy skepticism about bigness. They have a healthy skepticism about a piece of legislation that leads to dangerous consolidation, and basically leaves the economic decisionmaking, that can make or break the lives of families and communities and neighbors, in a few hands. They are right. More importantly, one more time, I just want to sound this alarm, which is why I am going to talk a little bit more here. We have a situation in my State of Minnesota right now which I can only define as desperate.

I have spoken at enough farm gatherings. I spoke first, it was a farm gathering in northwest Minnesota, Crookston. Then there was a farm gathering that I spoke at in Worthington. Then there was a farm gathering in Sioux Falls, SD. Then there was a farm gathering in Sioux City, IA. Every time I spoke at those gatherings—and there were 500, 600, 700, several thousand farmers—I looked out there and I saw the pain in the faces of family farmers.

I see the pain in the faces of those family farmers as I am in this Chamber for two reasons: First of all, on the long-term front, these family farmers can't make it without a decent price. They want to know what we are going to do about getting farm income up. Why aren't we talking about farm income today? Why aren't we doing something about agriculture?

They want to talk about when there is going to be antitrust action. They

want to talk about who is going to be on their side, not on Cargill's side or IBP's side or Monsanto's side. They want to talk about whether or not there is going to be some protection for them so they have a chance to make it.

These family farmers also want to know why in the world we can't get emergency assistance to them as a part of the emergency supplemental bill. They thought 2 months ago we were going to do it, but we didn't. We left and went home for spring break. Now we are back. I say to the majority party, get that supplemental bill out here on the floor and pass it. How can we hold this bill up? There was supposed to be a separate ag supplemental bill. But I think it was tied to Central American assistance. I think they went together.

It should be passed out of here, because, one more time, the Minnesota FSA is laying off its employees. You might say, so what, a bunch of bureaucrats. Not so. This is a grassroots organization, with people out in the farmland providing people with credit, as a lender of last resort, with more and more demand as farm prices are down, farmers are facing foreclosure, trying to get out there and plant, and they do not have the loan money. This is a demoralized agency, and they are letting people go.

As I said earlier, we are going to have, on the present course, at least 800 farmers who aren't going to get any financing at all. They are going to go under. That is a real emergency supplemental bill.

I am tempted, while I have the floor, to speak for a while about this, because it seems to me that we ought to be doing something about this and we ought to be doing something about it right now. The Financial Services Modernization Act—I have to write this down—the Financial Services Modernization Act does not mean a thing to them. The Financial Services Modernization Act does not mean a thing to these family farmers. They want this Congress to pass that supplemental bill because for them time is not neutral. Time marches on. If they do not get any assistance, they are going to go under. These are hard-working people. I think it is just simply unconscionable. I am not just talking about the Financial Services Modernization Act. I think it is unconscionable that any piece of legislation go forward on the floor of the Senate until we do something about this.

It is absolutely unbelievable; it really is.

I mentioned a story earlier. I see there are people in the Chamber who are watching the debate—or at least watching one person speak. I have a hard time giving people a feel for the gloom that is out there. Again, I talked to Tracy Beckman, not using any names, who is director of the Minnesota FSA.

He said, I think it was this morning, that one of the farmers who was denied a loan because there was no money, because we haven't done anything—we are supposed to pass this emergency supplemental bill and get the funding out there—one farmer today said, "Well, I'm just going to shoot myself and my family." That is horrifying. That is what he said.

There is tremendous economic pain, tremendous desperation. People are going under. We have the Financial Services Modernization Act, this piece of legislation. Frankly, it doesn't mean anything to these farmers. They want to get some help. They would like to get spring planting loan money. That is what they would like to have done for them. That is not what we are doing.

When are we going to get serious? It is clear what this piece of legislation does. We have the Community Reinvestment Act, which has been tremendously important to lots of people in small communities. It has ended redlining. I used to do community organizing against redlining. It has worked well. It has made a huge difference. It's a source of capital, and lots of communities have overcome discrimination. This piece of legislation takes all that away. Wipes it out, wipes it out through the two provisions that I talked about.

My question is, what does it do for ordinary citizens? What does it do for ordinary people? That is the question. Why aren't Senators talking about issues that matter to working people, that matter to ordinary citizens in our country? Why aren't we talking about the Town Talk Cafe?

I see my colleagues on the floor.

Mr. GRAMM. Will the Senator yield for one moment?

Mr. WELLSTONE. As long as I continue to have the floor, I will be pleased to yield.

Mr. GRAMM. I have to accommodate our dear colleague from Minnesota. Let me say, I wish he could go on forever, because I am always enlightened listening to him. But to accommodate him, I asked unanimous consent that he might have 40 minutes when we came back in at 2:15. It is now 3:15. The Senator has spoken an hour.

I asked other people to come over to speak based on that agreement. I do not intend to try to enforce the 40 minutes, but if the Senator could take that into account, because I asked Senator BENNETT, who, as are all of us, is busy, to come over based on that agreement. He has been sitting here now for 25 minutes or so. If the Senator could sort of begin to bring it to a close, it would be much appreciated.

Mr. WELLSTONE. Mr. President, let me say to my colleague that initially—and I appreciate what he is saying and because of that, I will try to bring it to a close—I said I thought it would take

40 minutes. My colleague was gracious enough to say, take the time you need, take an hour and a half, whatever you need. I think that is actually part of the RECORD.

And when he said that—I usually take direction from my colleague from Texas—I thought to myself, well, if I have an hour and a half to talk about the issues that I think we really ought to be talking about, I will take that. So I am about ready to finish up on that hour and a half.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. WELLSTONE. I am pleased to, although I want to make sure that I focus on some of these other issues. Let me yield for a question.

Mr. BENNETT. I want to answer some of the things the Senator has been saying here and ask him a question in that context.

The Senator has asked the question, why we are taking this up, and why does it matter, and is there any urgency. My question to the Senator is, is he aware of the fact that Robert Rubin, the Secretary of the Treasury, and Alan Greenspan, Chairman of the Federal Reserve system, both testified before the Senate Banking Committee that this legislation was of the highest urgency and that if it did not pass as quickly as possible, the entire banking system of the United States would be adversely affected by virtue of foreign competition? Is the Senator aware of that testimony from the administration and the Federal Reserve Board?

Mr. WELLSTONE. Mr. President, it is a fair enough question. In answering the question, let me say that I actually just did have an opportunity to be in a session with Secretary Rubin in which several of us expressed the very concerns that I have taken an hour to express. He said they are very valid concerns. "On balance, I think it is better that we do this" was what he said.

And then when we had a discussion about CRA—and I have devoted a good deal of my time talking about that—the Secretary was very clear about the President's veto letter and very clear that it was important that we maintain these CRA provisions.

Of course, the Secretary is interested in this legislation, though it wasn't quite the same report I heard that my colleague heard. I say one more time—I am coming to the end of my remarks—that in deference to all my colleagues out here, I know this Financial Services Modernization Act has the support of the industry groups and has the support of the financial institutions. Of course, because it is going to lead to more concentration of power and give them more say.

I am sure Alan Greenspan would like it. The Federal Reserve Board is going to have even more power—an unelected body with yet even more decision-making power over decisions that vi-

tally affect people's lives. But I have to tell you, in all due respect to one of my favorite colleagues, the Senator from Utah, one more time, besides believing this piece of legislation is a huge mistake, I won't support this legislation in its present form.

I won't support the alternative, the substitute, either. Besides thinking it is a huge mistake, for reasons I have argued over the last hour—and my colleague from Texas was gracious enough to give me that opportunity—I also want to say one more time to family farmers in the State of Minnesota right now that this Financial Modernization Services Act doesn't mean anything. It doesn't mean a thing. They want to know why we are not getting some loan money out to them right now because they are in such desperate shape. They are trying to live to be able to farm another day.

To the people who are going to be laid off in Minnesota FSA, who are doing the good work of trying to process loans and help people, but have no money to work with, I think it is absolutely outrageous. To all the farmers in economic pain because we are not doing a darn thing about getting farm income up, or about getting price up, or a darn thing to take on some of these big grain companies and packers so family farmers can get a fair shake in the marketplace, I am for putting more free enterprise back into the food industry. It is the big monopolies I don't care for. These farmers have every reason to wonder what we are doing here.

I will tell you one more time that the people in the cafes I have been in are not talking about this particular legislation; they don't see this as a crisis. Alan Greenspan may see the world in a very different way than people in the cafes in Minnesota, and so might the Secretary. Certainly these financial institutions do. Certainly Wall Street does.

But people in Minnesota are not particularly interested in mergers, acquisitions, and all this consolidation of power. They are interested in a good job at a good wage. Why aren't we out here talking about raising the minimum wage?

They are interested in not falling between the cracks when it comes to health care coverage. Why aren't Senators talking about decent health care coverage for people? They are interested in how they can afford prescription drugs. Why aren't Senators talking about affordable prescription drug coverage for seniors, and, for that matter, for all of us? They are interested in how there can be a decent education for their children. Why aren't Senators having a major debate about education or getting resources to communities so we can do a better job of educating our children? They are interested in how we can reduce violence in homes, in

schools, and end the violence in our communities. Why aren't Senators out here with legislation that deals with that? They are interested in how to earn a decent living and how to give their children what they need and deserve. They are interested in making sure that every child, by kindergarten, comes to school ready to learn. Why aren't we investing in good, developmental affordable child care?

That is what they are interested in.

We are not dealing with any of those issues. I want to know when Senators are going to come out on the floor and deal with pieces of legislation that dramatically affect ordinary people, working families in my State and working families around the country.

I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I have enjoyed the presentation by my friend from Minnesota. I return his friendship, and he is my friend. We disagree on just about everything, and we disagree about most of the things he said here today. I want to make a few comments about some of the positions he has taken before I talk about the bill.

As I listened to the Senator run down the litany of things he thinks we ought to solve with legislation—we ought to solve farm prices with legislation; we ought to solve preparation for school with legislation; we ought to solve education, generally, with legislation; we ought to solve the amount of money people earn with legislation, and on down the list—he reminds me of a comment that I found very insightful that was made by a head of state in another country as I was visiting there. This man said to me, "Politicians think that money comes from the budget." Money does not come from the budget. Money comes from the economy. If the economy doesn't work, there is no money in the budget. And if I may, Mr. President, I think that discussing financial modernization has a great deal to do with all of the issues that the Senator from Minnesota was discussing because it has to do with the health of the economy.

If the banking system, the financial system, and the economy does not work efficiently, if it does not work carefully and properly, the economy as a whole will suffer, the amount of tax revenue coming into the Government will suffer, and we can have all of the discussions we want about solving all of the social problems with legislation, and then we will turn around and find that the cupboard is bare.

It is very important that we recognize the impact of this legislation on the Nation's economy. As I said in my question to my friend from Minnesota, we heard testimony in the Banking Committee from the member of the ad-

ministration most charged with focusing on this area of the economy, the Secretary of the Treasury, and with the head of the independent agency most charged with keeping the economy strong and vital, the Chairman of the Federal Reserve Board, that it was essential that we modernize our financial legislative structure in this country.

Why? They told us that foreign banks are coming to the United States, and as the American banks go overseas, they are competing in a different regulatory framework. They said that the American framework is outdated, it is outmoded, it is expensive, and that it gets in the way of America's ability to compete.

The big banks that my friend from Minnesota attacks so vigorously, the last time I checked, all paid taxes on the revenues they received. The best way to make sure that we do not get those tax revenues is to say, let us hobble those banks in their competitive structure with foreign banks. Let's see to it that they cannot compete in the same kind of atmosphere as their foreign competitors, in the name of preventing them from concentrating power, and then see how much taxes we get from those big banks. Taxes are a percentage of profits; if there are no profits, there are no taxes and there is no money in the budget to pay for all of the programs that the Senator from Minnesota wants to fund.

Now, he made another comment that I found fascinating, from a personal point of view. He said that, of course, the big banks don't like CRA because it forces them to do what they should be doing. He stands up for the little banks that he wants to protect from the big banks that, in his view, want to gobble them up. In my experience with this legislation, it has been exactly the reverse. The big banks have said to me: We don't much care about the CRA provisions. We have learned to live with CRA. We have learned to handle our banking practices in such a way that gets us appropriate CRA ratings. And some of the big banks have said: Don't pay any attention to the CRA amendments in this bill because we can live with them just fine. No. The protest about CRA has come, ironically, given the position of the Senator from Minnesota, from the small banks, the little bank.

Let me give you an example that I have heard of, secondhand, but I think summarizes what we are dealing with here. I have heard of a bank in California that was opened by a group of Chinese Americans. What do you do in the marketplace when you are trying to find a niche that will allow you to survive, whether you are in the banking business, or the clothing business, or the automobile business, or whatever kind of a business? You do look around for some community that is not

being served properly, and say to yourself, "I can fill that niche." The oldest business advice in the world is find a need and fill it. Here were a group of Chinese Americans who decided that other Chinese Americans for some reason or another were not getting access to the credit they needed. They found this need and they hoped they could fill it. They did. They were successful. They prospered.

Then comes the CRA regulators, and they said, "Let us see your books. Let us look at your loans." They came back and said, "You are only making loans to Chinese Americans. That is, you are not complying with the Community Reinvestment Act that requires you to make loans to Hispanics or African Americans or other minorities that we, the regulators, will identify and determine." The people at this bank said, "Of course we are only making loans to Chinese Americans. That is what we set up to do. That is the market we set up to serve." "Well, you will accept the penalties and strictures of CRA regulation if you do not go out and find statistically enough African Americans and Hispanics to meet our requirements."

This was a community that these Chinese Americans did not understand instinctively. This was the community that they were not set up to serve. Maybe you can say that it was a good kind of thing for them to reach out beyond their natural business area and start serving these other sectors, but it created a burden on this small bank, and it was a very small bank that the managers of the bank objected to.

In my own State of Utah, I get the same reaction. The big banks don't much care about CRA. They don't like it. They find it burdensome. But they have learned to live with it. Banks that have written in that are complaining are the little banks, and they are complaining for the same reason in the example that I have given. They feel they are serving their communities and they are being forced to try to reach beyond their natural communities to try to find somebody who can statistically qualify under CRA.

This is from a very small bank in Utah. The President of the bank says, "We have and will continue to lend to all segments of our community because it has been defined by regulation. The time spent documenting our community lending efforts for regulatory purposes is in itself counterproductive, as we could instead redirect our energies toward additional lending and community development activities."

In other words, they are spending more time filling out forms for CRA than they are investing in their community.

Another one from a very small town in Utah, and it is surrounded by the family farmers that the Senator from

Minnesota was talking about: "Exempting our institution from CRA requirements would allow bank personnel to spend more time with our customers and developing new products rather than gathering information to satisfy CRA documentation requirements."

We will have a great deal more to say about the CRA issue, I am sure, when it comes up. I simply wanted to make those points in response to the points that were made by my friend from Minnesota, because he is very clearly talking to different people than I am talking to. He is talking to the people in the crossroads cafes. And I think that is fine. But I think when it gets to the issue of banking regulation, he might spend some time talking to people who run banks and talking to people who borrow from banks.

He made another point that I will talk about and then get specifically to the bill.

He talked about the concentration of power, and he railed at great length against corporations that he felt were destroying our democracy. "Fewer and fewer people," he said—I wrote that phrase down—are controlling our economic power.

I want to share a statistic that I saw in the paper last week that has an interesting slant on this.

Back in, say, 1950—my memory is not sharp enough to give you the exact year, but it was sometime in the 1950s—the percentages of Americans who owned stock in corporations was 4 percent. Today it is over 50 percent.

I would say to those who, like my colleague from Minnesota, are concerned about the concentration of power in the hands of a few people, who does he think owns Citibank? Who does he think owns these corporations that he says are so terrible? They are owned by Americans. They are owned by individuals. Fifty percent of Americans now own stock, and the number is going up all the time.

This is one of the reasons that the class warfare arguments that we have heard around this Chamber for so long are beginning to wear thinner and thinner, because the people who own the corporations are ordinary, everyday, hard-working Americans. The days of J.P. Morgan being the controller of these institutions are over. J.P. Morgan is dead, his heirs scattered, and the controlling shareholder ownership of these corporations is in the hands of the teachers' pension fund—in the hands of ordinary people who have invested their savings in these corporations and have a stake in seeing to it that these corporations survive. That is why the class warfare arguments get thinner and thinner with each passing year.

We are in a sense, Mr. President, turning Karl Marx on his head. He wanted the people to own all of the means of production. That was tried in

the Soviet Union in the name of the government as they attacked the terrible capitalists in the United States, and ironically it is the capitalists that are seeing to it that the people ultimately own the means of production, but they own the means of production in their own name with shares held in their own name, which they can control and which they can vote and which they can sell if they don't like what the corporation is doing. And we are getting the people's ownership of the means of production through capitalism rather than through the forced distribution of wealth that Karl Marx and his followers practiced in modern communism.

Having given that reaction to the political science lecture from my friend, who was once a professor of political science—I was never a professor, but I was once a student of political science, and I like to engage in these kinds of debate—I would like to say just a few words about the bill.

The fact that it is just a few words is a testament to the expertise of our chairman who has worked harder and more personally on a piece of legislation than any chairman I have ever seen. We have resolved the controversies in this legislation to the point where there are only a few left. The Senator from Texas has led the fight in doing that.

When we first started this, when I first came to the Banking Committee, the number of issues was huge and the gap between those issues was very wide. I would go out and people would ask me where we were on financial modernization. Unlike my friend from Minnesota, I did get those questions. I would go out in places where people were interested. And I would say repeatedly through my first term of service in the Senate that we were nowhere and we were not going to have financial modernization legislation, because the issues were so contentious and the gap between the two sides was so great that we were simply not going to get it done, and, quite frankly, I was not paying any attention to it for that reason. I didn't want to waste my time becoming cognizant of all of the ins and outs of these arguments when the arguments were going nowhere, and the legislation was going nowhere.

We made a major step towards resolving these last year when Senator D'Amato was the chairman of the committee, and we finally began to grapple with some of these issues and tried to bring them closer together. But Senator GRAMM has brought us even closer together and produced a bill on which there are now only relatively few issues in contention rather than the great many issues that were in contention 4 or 5 years ago.

I think that is an extraordinary achievement, not only on the part of the chairman who has led the issue,

but, frankly, on the part of the committee as a whole. The fact that we are having this debate when we should have been having it a few years ago, according to those who are following the issue, demonstrates how far we have come.

This reminds me in some ways of the debate we had in the telecommunications bill where we had huge forces on both sides of the issue struggling, literally, for survival. We had telephone companies, cable companies, long-distance carriers, local carriers, all fighting over what would happen to their future.

We finally came together on a bill that virtually everybody could buy off on. They weren't happy with it, but they said they could live with it. We made a landmark step forward in telecommunications.

I think that analogy holds true here. Insurance companies, when I first came to the Senate, were bitter in their opposition to any kind of change that would affect them; banks were chomping at the bit for more competitive opportunities and complaining that laws passed in the 1930s were freezing them out; testimony which I have referred to from Chairman Greenspan and Secretary Rubin indicated we are being savaged by foreign competition because our regulatory structure gets in the way; the securities industry and all the other folks, everybody agreed we needed reform but nobody could agree on the form of that reform.

Now we have a bill before the Senate that, however reluctantly, the insurance companies have said, "We can live with," and the banks have said, "We can live with"—the big banks and the little banks that are not usually on the same page on everything; the insurance agents and the insurance companies are not necessarily always on the same page.

We have reconciled these various interests now. The regulators have said they can live with this and that. There is only one major regulatory argument left, and we will do our best to work our way through that one and find a compromise.

The time to pass the bill is now. The moment has come when all of these forces are together. Let us not waste that moment. Let the Senate not shatter it all and say we will deal with it later. The forces of competition that led Secretary Rubin and Chairman Greenspan to speak of the urgency of this are still there and their pressures are still there. The passage of time, as we get farther and farther away from the 1930s when our present regulatory structure was put in place, is not on our side in terms of making the financial services in this country efficient, more effective, and more competitive.

We need this bill. We need it now. We should not lose the opportunity we have to seize the moment while there

is a degree of agreement among all of the parties of the bill to get it done.

I salute the chairman for his personal effort in getting us where we are. I urge the Senate to pass the bill.

Mr. GRAMM. Mr. President, let me thank our dear colleague from Utah for his very fine comments. Any colleagues who want an opportunity to speak on the bill should come to the floor to be afforded that opportunity. At some point, if we don't have people over to speak on the bill, Senator SARBANES, under the unanimous consent request, will offer his substitute. Members can wait and speak on that substitute, if the Senator chooses to offer it, and obviously if you want to speak about the bill itself, you can do it on the substitute. Members desiring to speak on the bill before the substitute is pending, should come on over.

Mr. President, I will respond very briefly to our dear colleague, Senator WELLSTONE. Senator WELLSTONE gave an impassioned plea not to repeal CRA. Let me say that one of my great frustrations with our efforts to reform CRA and curb abuses in CRA is that nobody wants to debate the reforms. Even the spokesman for the national association of the community groups that form the heart of CRA has said what they call "green mail" exists. They think it is harmful to CRA. Most Americans would call that process "blackmail" and not "green mail."

I think many people have had at least their eyebrows raised by the fact that \$9 billion in cash payments have been made or committed under CRA. CRA is not about giving people money not to testify against your bank merger, or to testify for it; instead, CRA is about giving people an opportunity to have input and present evidence as to whether they are meeting the requirements of the law.

I don't know what any judicial process—and this is a quasi-judicial process, I guess you could say—how anyone would not be revolted by the practice of paying witnesses. In essence, as Members will see when we begin the debate on CRA and we show some of the documents with the names redacted, that is exactly what is happening all over America today.

The point I make about CRA is no one is talking about repealing CRA. This is not a debate about repealing or weakening CRA. This is a debate about integrity of banks that have long-standing records of compliance, and whether somebody just by calling them a name—by saying they are a loan shark, they are a racist, or some other inflammatory name—should be able to delay actions that they are guaranteed on an impartial basis under the law.

All our provision in the bill says is that if a bank is going to be denied the ability to do something that they would have to be in CRA compliance for, and they have a long history of

being in compliance on CRA, then those people who object—for their objection to be used to delay the process—have to present substantial evidence.

Now, "substantial evidence" is defined in law more precisely than any other term of art in the American legal system: more than a scintilla of evidence; facts that would lead a reasonable person to think that something might be true.

We are talking about the lowest standard of law, not the highest standard.

The second provision in our bill would allow very small banks in rural areas that don't have a city to serve, much less an inner city, to be exempt from a regulatory burden that costs them between \$60,000 and \$80,000 a year, even though these banks generally have only between 6 and 10 employees. Since 1990, in 16,000 audits of these small, rural banks, only three banks have been found to be in substantial noncompliance.

Every word that the Senator said about not repealing CRA I am sure resonated, but it doesn't have anything to do with the debate we are having. Nobody is proposing we repeal CRA in this bill. We are talking about two targeted reforms. I don't want anybody to get confused.

Senator DODD has come to the floor. I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I have noticed over the last week every time I get up to give a talk, the Senator from Idaho is in the Chair.

The PRESIDING OFFICER. I love to hear the Senator's speech.

Mr. DODD. I enjoy the Senator's collegiality and leadership. It is nice to have the distinguished Senator from Idaho as a new Member of the Senate.

Let me begin these brief remarks by commending the distinguished chairman of the committee, Senator GRAMM, and the ranking Democrat, Senator SARBANES, for their efforts on this legislation to date.

I have been on the Banking Committee, and in fact I sat with my colleague from Maryland. I have been in the Congress 24 years, and I think for almost all 24 years he has been my seatmate—usually depending on where we were, the majority or the minority, to the left or right of me—almost all 24 years on one committee or another, including service in the House, in the Judiciary Committee, and then over these last 18 years in both the Foreign Relations Committee and the Banking Committee. I have been fortunate to have his good counsel and advice, and admired his leadership and thoughtfulness on so many issues. This is one which I constantly feel like the mythological figure of Sisyphus, rolling up

this rock of financial services modernization every Congress. I do not think there is one we have missed since my arrival in this Chamber 18 years ago, not one Congress in which we have not tried to address the issue of modernization of financial services. On numerous occasions, the Senate, this body, actually completed its work but, because of bifurcated jurisdictions and other matters in the House, we were never able to attain success; that is, sending a bill, a broad bill on financial modernization, to a President, any of them that I served with—including President Reagan, President Bush, and now President Clinton.

But we are precariously close to achieving a result that has been unattainable over the last number of years. The fact that we are dealing with this legislation as early as we are in this Congress is heartening to me, because it means we have in front of us an opportunity to complete action on what I think is a worthwhile endeavor.

Again, let me commend my two colleagues who are making it possible for us to arrive at the point where we are on the floor of the Senate. Over the next several days we will consider, I assume, a number of different amendments that will, I hope, allow us to bring broad-based support to this proposal and to enter a conference with the other body and send a measure to the President which he can sign.

That is a lot of steps in front of us. I realize that. But if you know the past history of this legislation, they seem like minor steps indeed, when you consider we rarely reach the point we are today.

Let me also, once again, in this forum here, commend my colleague from Texas, Senator GRAMM. This is his first major legislative effort as chairman of the Banking Committee. He has had other major legislative efforts but never as the chairman of this committee. He deserves all due credit for his contributions to this bill. Few committee chairmen have more personally invested themselves in a piece of legislation than he has. As I said a moment ago, my colleague and friend from Maryland brings a career's worth of experience in dealing with financial services issues, both domestic and international. His counsel and advice and words of wisdom ought to be heeded.

The legislation before us does address some very, very important issues, outstanding issues. It provides a framework for modernization of our Nation's financial services. It allows banks and securities firms, as I know you have heard from both the chairman of the committee and the Senator from Maryland, and insurance companies, to affiliate. It provides a rational process, we think, for these affiliations to take place.

Although it needs to improve, in my view this bill provides some significant

benefits and protections to consumers who would not only benefit from these diversified firms but who would also benefit from having standardized and comprehensive protections for the sale of securities and insurance products.

Let me add right here, these are arcane subject matters. Sometimes we are asked where the consumer protections are in this bill; where is the consumer in this legislation? The consumer is all through this bill, in a sense. First and foremost, the consumer is there because consumers are seeking to handle their financial matters in a more expeditious way, knowing they have broad, comprehensive protections.

In many ways, this legislation is trying to catch up with what already is occurring in the marketplace, both at home and abroad. By regulation and court decision, much of our modernization is occurring. What we are seeking to do here is involve ourselves, as we should have been years ago, in setting out the guidelines of modernization from a public policy standpoint. So it is very important legislation because the courts, and in too many cases the regulators, do not bring to bear the kind of consumer issues that only a public policy forum like the Senate can do.

When the issue is raised where is the consumer in this legislation, in fact the consumer is all through this bill. It is our goal here to see to it that they will be able to conduct their financial matters, financial business in a way that conforms to the lives and demands of consumers in this country, and that will also better equip them with protections in dealing with other matters in securities and insurance issues.

This bill also protects the traditional right of States to regulate insurance, something that has been subject to longstanding debate. This will codify at the end of the 20th century how we in Congress feel about that issue, while at the same time will provide for functional regulation of all financial institutions. That has been an ongoing debate for years, and one that the adoption of this bill would establish firmly as we enter the 21st century.

But I believe the outstanding issues, such as banking and commerce, the operating subsidy of affiliate structure and additional consumer protections, can and will be worked out in a reasonable fashion. However, I must share my deep frustration, frankly, and great concern over the future of financial services modernization legislation. During my tenure, as I said a moment ago, in the Senate, I, like many of my colleagues, have invested a significant amount of time and effort attempting to enact modernization legislation. I am of the belief that it is vital to the future of America's financial services industries and important to consumers as well.

This process has not been an easy one. Finding the delicate balance of protecting consumers while at the same time creating a regulatory framework that fosters market efficiency and industry innovation has been a difficult and a long task. I had hoped that by today I would be speaking on behalf of the merits of a bipartisan legislative approach. I had hoped to speak on behalf of a bill that last year received the overwhelming support of the Senate Banking Committee by a vote of 16 to 2. Just recently, similar legislation passed the House Banking Committee by a vote of 51 to 8. Instead, I reluctantly rise to express my deep concerns about the legislation before us that attacks what I consider to be one of the most important laws in our Federal code, the Community Reinvestment Act, CRA, of which you are going to hear a great deal in the coming days.

The attack on CRA contained in this legislation is clear, in my view, and unmitigated. It broadly exempts depository institutions from CRA. It attempts to address a problem that simply does not exist, and in the process, in my view, does great harm to a law that has brought billions of dollars in mortgage and small business credit to rural and urban Americans, allowing them to participate with equal opportunity to expand their financial gains and opportunities in this country.

As you know, this bill as drafted will be vetoed by the President. We usually receive a statement of administration policy written by the appropriate department head. Only on rare occasions does the President of the United States write a personal letter prior to committee markup, stating his concerns and articulating his promise to veto a bill if certain provisions are not resolved. Of primary importance to the President is the preservation of the Community Reinvestment Act in the context of any financial modernization legislation.

I will say very directly—I say this to my colleagues, whom I know have a different point of view. If this bill is not changed to address various CRA concerns, the President of the United States will veto this bill. And that mythological figure of Sisyphus will, once again, rear his head at the close of the 20th century and we will fail in our attempts to modernize financial services.

That would be a great misfortune. But I say as well that to pass a piece of legislation as we end the 20th century, about to begin the 21st, and to disregard the principles and values incorporated in the Community Reinvestment Act, also, in my view, would be a tragedy of significant proportion.

The veto of this bill as written is certain, as certain as our ability to avoid it. We should understand who supports this attack on the CRA provisions contained in this bill. The attack has not

been sought by the industry, which is normally the case. There is no constituency of support for them. The support of this legislation is not contingent on the inclusion of CRA provisions. Banks are in the midst of their 7th year of record profits with CRA as the law of the land.

Over the years, at the request of industry and appropriate regulators, CRA has been simplified and modified to be far less invasive to depository institutions. The fact of the matter is that banks care little about changing CRA. The attack on CRA is truly supported only by a few people. I say again with deep respect to my colleague and friend from Texas, who cares deeply about this issue, as does the senior Senator from Alabama: I respect their points of view. I disagree with them fundamentally. I respect their points of view. But there are really no other constituencies that I can find who share their point of view on this issue. There are many people who have a different point of view, including financial institutions, consumer groups, and others about the importance of extending the CRA provisions.

Let me reiterate, if I can. The President of the United States, all Federal regulators, industry, 51 of the 60 Democrats and Republicans in the House Banking Committee, 16 of the 18 Democrats and Republicans in the Senate Banking Committee, all support the preservation of CRA.

While not perfect—and no one is arguing that it is—CRA, in my view, and in the view of many others, has been truly a success story.

Between 1993 and 1997, the number of conventional home mortgage loans extended to African Americans increased by over 70 percent. Let me repeat that. Between 1993 and 1997, the number of conventional home mortgages extended to African Americans increased by over 70 percent.

Over the same period, the number of home mortgage loans increased 45 percent for Hispanics, and 30 percent for Native Americans.

According to the Small Business Administration, loans to African-American-owned businesses doubled between the years of 1993 and 1997.

More than \$1 trillion has been leveraged under CRA—credit for home mortgages, small businesses, and other purposes—that has enabled creditworthy citizens, minority creditworthy citizens to improve their economic status and that of their families in both rural areas and inner cities.

We should not retreat from these laudable goals if we are going to make the modernization of financial services conform with the modernization of a society that reaches out to each and every sector of that society to see to it that they have the equal opportunity to invest and to grow and to enjoy the full benefits of being Americans.

Despite these strides, CRA has not erased all lending discrimination in this country.

In 1997, mortgage loans for African Americans, Native Americans, and Hispanics were denied at a rate of more than twice those of white mortgage applicants of similar incomes. For both urban and rural areas, CRA has played an invaluable role in economic development.

I recently received a letter from the U.S. Conference of Mayors, signed by the mayors of nearly 200 towns and cities of all sizes, from New Haven, CT, to Houston, TX. Let me quote them. It states:

The Community Reinvestment Act has played a critical role in encouraging federally insured financial institutions to invest in the cities of our nation.

The letter goes on further and says:

Unless the onerous CRA provisions are addressed and the CRA is preserved, we would urge strong opposition to the Senate bill as presently drafted.

Urban areas are not the only beneficiaries of CRA. CRA loans assist small farmers in obtaining credit for operating expenses, livestock, and real estate.

Less than a month ago, we voted unanimously to award a Congressional Medal of Honor to Rosa Parks. As we all know, Ms. Parks led the fight in this country for racial equality. The CRA provisions in this bill we have before us today would send, in my view, Rosa Parks and many others to the back of that bus economically. They would directly hurt minorities and rural citizens by restricting their right to pursue the American dream to own a home, start a small business, to receive fair access to credit.

Despite my strong support for financial services modernization—and, Mr. President, it is very strong, indeed—the price of modernization is the denial of financial services in the 21st century to rural Americans, African Americans, Asian Americans, Hispanic Americans, and Native Americans in the country, then I am unwilling to pay it.

I strongly urge my colleagues to support Senator SARBANES' substitute amendment and Senator BRYAN's CRA amendment. In my view, if these measures are improved, as I believe they should be, then I think we would have a strong bill.

There are a lot of other amendments that may be offered. There is a debate over the op-sub and the affiliate issue. I think that is an important issue. I think the issue of privacy in financial dealings is an important issue. And there are many other matters that may be raised.

But, in my view, nothing—nothing—is as important as whether or not we are going to provide equal access to our financial institutions to all Americans. The Community Reinvestment Act has made a significant contribution to

tearing down the barriers that have existed far too long and has provided the access to credit, home mortgages, and improving the financial future of too many of our citizens to retreat now. To back up on a major, major bill such as this, I think, would be a great retreat, indeed.

So as strongly as I support the concepts included in the fundamental financial modernization bill, Mr. President, I could not support a bill that treats too many of our Americans unfairly as they presently are by retreating on Community Reinvestment Act provisions.

So I urge my colleagues, those who care about financial modernization, those who care about civil rights and care about access to financial institutions, to support the substitute, support the CRA amendments. I think then we would have a strong bill, and remaining issues could be resolved without too much difficulty. But a bill that fails to address this issue is a bill that, in my view, will not pass and will not be signed into law, and it would be an unfortunate, unfortunate day, indeed.

Mr. President, with that, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GORTON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, is time under control?

The PRESIDING OFFICER. There is no control of time.

Mr. BYRD. I thank the Chair.

I presume that the Pastore rule has expired for the day?

The PRESIDING OFFICER. It expired at 1:15 this afternoon.

Mr. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent to speak for not to exceed 5 minutes out of order.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDATION OF THE REVEREND JESSE JACKSON

Mr. BYRD. Mr. President, over the weekend, a glimmer of light broke through the war clouds shrouding Yugoslavia. That light was kindled by the release of the three American soldiers who have been held hostage in the Federal Republic of Yugoslavia since their capture by the forces of Yugoslav President Slobodan Milosevic on March 31. The individual responsible for this remarkable turn of events is the Reverend Jesse L. Jackson. For his efforts, he has earned the thanks of a grateful nation. Due to the faith and determina-

tion of Mr. Jackson, the Reverend Joan Brown Campbell of the National Council of Churches and the delegation of religious leaders that Mr. Jackson led to Yugoslavia, in this one small corner of a terrible conflict, good has triumphed over evil.

I have no doubt but that the motives of President Milosevic in freeing the American servicemen will be analyzed, dissected, and ruminated on by the commentators in the coming days. Despite all the conjectures, we may never know what he was hoping to achieve. Surely Milosevic will be disappointed if he believes that this gesture, welcome as it is, will blind the United States and the rest of NATO to the atrocities that he is inflicting on the ethnic Albanian population of Kosovo.

But in contrast to Mr. Milosevic, we do know what the Reverend Mr. Jackson was hoping to achieve.

He has faced some of the most ruthless strongmen in the world, including Syrian President Hafiz Assad, Cuban President Fidel Castro, and Iraqi President Saddam Hussein.

In 1984, Mr. Jackson won the release from Syria of Navy Lieutenant Robert Goodman Jr., who was shot down over Lebanon. That same year, he persuaded Castro to release 48 American and Cuban prisoners. In 1990, he helped to win freedom for more than 700 foreigners who were being detained as human shields by Saddam Hussein following the invasion of Kuwait. His trip to Yugoslavia marks the fourth time that Jesse Jackson has won freedom for hostages.

In the faces of the freed soldiers and their families, I am reminded once again that faith can move mountains. I salute the Reverend Mr. Jackson and his delegation for their remarkable success.

Mr. President, as a mark of respect for Mr. Jackson and the delegation of church leaders, I am today submitting a Sense of the Senate Resolution commending Mr. Jackson for the deep faith that marked his mission to Belgrade, and for his successful efforts to free Staff Sergeant Andrew A. Ramirez of California, Staff Sergeant Christopher J. Stone of Michigan, and Specialist Steven M. Gonzales of Texas. We welcome these soldiers home with open arms. We also salute the brave men and women of our armed forces who remain in harm's way in the Balkans. Their courage and patriotism, and the dedication and sacrifice of their families, are appreciated and honored by all Americans.

Mr. President, I ask unanimous consent that I may send the resolution to the desk and that it be held there until the majority leader and the minority leader decide upon a proper disposition of it, but that it can't be held longer than a day, the end of business today.

The PRESIDING OFFICER. Without objection, it is so ordered.